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DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE FIRST PART OF ITS THIRTY-SEVENTH SESSION

Held at the Palais des Nations, Geneva,
from 1 October to .. October 1990

Rapporteur: Mr. A.N. SYTCHEV (Byelorussian Soviet Socialist Republic)

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ARRANGEMENTS AND PREPARATIONS FOR UNCTAD VIII

(Agenda item 5)

1. At the 773rd (opening) meeting, the outgoing President recalled that, pursuant to its decision 381 (XXXVI) of 23 March 1990, the Board was to decide on the venue of UNCTAD VIII at its current session. He had been mandated to undertake consultations in that connection to determine which Latin American States would be in a position to offer an alternative site for the Conference. He regretted to report on the expiry of his mandate that there had been no additional positive development to announce since his report at the second part of the thirty-sixth session (TD/B/L.895). The consultations had been conducted at the highest level with all due dispatch but had proved fruitless. Various Latin American countries, including Venezuela, had seriously considered hosting the Conference but, some for financial reasons and others for lack of the necessary physical infrastructure, had been unable to take a favourable decision. In the circumstances, and as time was running out, he had decided to transmit a letter to the Chairman of the Latin American Group in Geneva informing him of the situation. He hoped that it would be possible to reach a satisfactory solution.

2. The spokesman for Group B (Germany) stated that UNCTAD VIII would offer the most important forum in 1991 to evaluate and discuss severe problems still facing developing countries. The common goal in addressing these problems was strengthening national and international action as well as multilateral co-operation for a healthy, secure and equitable world economy and, in particular, a sustainable recovery of growth in developing countries. At the same time participating countries in the Conference should be able to agree upon a new role and framework for UNCTAD, with a view to revitalizing the organization.

3. UNCTAD VIII should address development issues in a balanced way, recognizing, on the one hand, the international community's responsibilities for a supportive international environment and, on the other, putting emphasis on the need for sound national policies, good management and governance to achieve effective and efficient use, allocation and mobilization of resources.

4. UNCTAD VIII should also be an opportunity to discuss and evaluate the economic impact of the changes in Central and Eastern Europe on North-South relations as well as of the crisis in the Gulf.

5. An early agreement on agenda, venue and date was a matter of urgency. No time should be lost in launching the preparatory process. The Conference has to be a success and a major contribution to the definition of feasible approaches to an accelerated and sustainable development.

6. The representative of the Ukrainian Soviet Socialist Republic expressed support for the draft agenda for UNCTAD VIII and hoped for a solution to be found to existing problems.

[To be completed]

FOLLOW-UP AND REVIEW OF THE IMPLEMENTATION OF THE FINAL ACT OF UNCTAD VII IN ACCORDANCE WITH BOARD DECISION 350 (XXXIV): STOCK-TAKING OF THE IMPLEMENTATION OF THE FINAL ACT OF UNCTAD VII IN PREPARATION FOR UNCTAD VIII

(Agenda item 2)

7. In introducing this item, the President drew attention to the note on "Stock-taking of the implementation of the Final Act of UNCTAD VII" contained in TD/B(XXXVII)/CRP.2 and Add.1.

8. The spokesman for Group B (Germany) stated with satisfaction that, although the situation of many developing countries remained difficult, there had also been impressive economic and political accomplishments in key areas covered by the Final Act of UNCTAD VII. For example, the OECD countries as a whole had experienced a favourable macro-economic performance. There had been progress in various areas of the Uruguay Round, whose successful outcome should take account of the concerns of developing as well as developed countries. There had also been progress in enhancing the flow of resources to developing countries and an increase in official development assistance, although it was recognized that further efforts were necessary concerning both quality and quantity of aid. A strengthened debt strategy aiming at relief of official and private debt was in place and under review. The Common Fund for Commodities had been established; its second window could help improve export competitiveness. Systems for compensating export earnings shortfalls had reduced the vulnerability of commodity-dependent developing countries.

9. He further noted the growing convergence of views on ways to analyse and tackle economic problems, based on the complementarity, recognized in the Final Act, of national policies and the external economic environment. New perspectives, opened up by historical changes in Central and Eastern Europe and the disappearance of East-West confrontation, had been confirmed at the recent Second United Nations Conference on the Least Developed Countries,

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which had agreed on a strengthened development partnership. Market orientation, participatory development, democracy and human rights, were acknowledged as a basis for sound and lasting development; the importance of minimizing corruption was recognized. This convergence of views applied also to the area of environment, where progress had been made in recognizing the joint responsibility of all countries to address the global threat to mankind.

10. He added that the Gulf crisis was a reminder that problems should be solved peacefully through co-operation and negotiation; that principle also applied to development. At the same time, the consensus among Member States of the United Nations in responding to the crisis had reinforced common values and strengthened the role of the United Nations.

11. The representative of China stated that work carried out by UNCTAD and in other United Nations and intergovernmental bodies had reaffirmed the principles and policy measures contained in the Final Act and had created a favourable climate for the dialogue on international economic co-operation. There had been a recognition of the common responsibility for the solution of the debt problems of the developing countries. Facts had proved that the international community could take effective action to solve the problems faced by commodities in international markets in the light of Conference resolution 93 (IV) and taking into account the particular characteristics of each commodity. The establishment of the Common Fund for Commodities had created favourable conditions for the effective operation of existing international commodity agreements and the emergence of possible new ones. The UNCTAD secretariat had made an effective contribution to the implementation of the Final Act by providing substantive services and technical assistance.

12. In his view, however, many problems remained unsolved, such as the debt problem; the weakness of commodity prices, which has had a serious adverse effect on the export earnings of developing countries; and the erosion of the international trading system caused inter alia by protectionism, the increase in managed trade bilateral trade arrangements among developed countries, and unilateral actions taken by the developed countries and the adverse effects on East-South trade caused by the changes taking place in Eastern Europe.

13. Although almost all developing countries had carried out structural adjustment at great social cost, there had been very few cases of success, mainly because of the unfavourable external environment. He added that it was

a fundamental principle that each country had the right to decide on its development model, according to its own specific national conditions. There was no universally applicable model for development.

14. He stated that in the preparatory process for UNCTAD VIII, the various points in this statement should be taken into serious account and duly reflected in the work of the UNCTAD secretariat.

15. The spokesman for the Group of 77 (India) submitted a document presenting the views of his Group (TD/B/L.906). In his statement, he referred to the acceptance by all countries, in the Final Act of UNCTAD VII, of joint responsibility, in accordance with their respective capacities and weights, for improving the international environment for accelerated and sustainable development and for systemic improvements in international economic relations. He noted, however, that developed countries dealt with their mutual imbalances in such a way as to have a negative effect on the development of developing countries. The instability and disorder in the monetary, financial and trading system had exposed the lack of effective and broad-based multilateral surveillance. Resistance to structural adjustment, protectionist policies towards the exports of developing countries and inadequate financial transfers had starved the developing countries of resources. Despite some positive efforts to remedy the debt crisis, the debt servicing liabilities of the developing countries remained as serious as ever.

16. While the countries of Eastern and Central Europe were understandably preoccupied with urgent economic reforms, he expected that they would keep in mind their commitment made at UNCTAD VII.

17. He noted that the developing countries had tried to carry out their responsibilities with regard to mobilizing domestic and external resources for their own development; this had produced considerable progress in some areas leading to a more efficient and effective allocation and use of these resources. However, the degree and complexity of the adjustment which developing countries had been called upon to undertake had resulted in negative development dynamics for most of them.

18. He outlined in detail the assessment of the Group of 77 on implementation and follow-up in the following areas: external resources for development; external debt of developing countries; the international monetary and financial system; international trade, including the traditional themes of UNCTAD; issues related to technology; and, the problem of the least developed countries.

19. He commended the technical assistance rendered by the UNCTAD secretariat in pursuance of the UNCTAD VII mandate and called for the continuation in particular of the technical assistance being rendered in the area of MTNs well beyond the end of the Uruguay Round.

20. He drew the following conclusions from his Group's analysis of the implementation and follow-up to the Final Act of UNCTAD VII as a guide to UNCTAD VIII: (a) the tasks for development co-operation remained as varied, complex and urgent as when UNCTAD VII had met nearly three-and-a-half years earlier, UNCTAD VIII must pick up the baton and seek to further the objectives and tasks of UNCTAD VII; (b) as in the past, the focus of UNCTAD VIII should be on multilateral action and international co-operation and assumption of joint responsibilities to take convergent action in accordance with their capacities and weights in the world economy by all countries towards significant improvement of the international economic environment for accelerated and sustainable development. The aim should be to evolve equitable, rational and effective management of interdependence and of global resources without which accelerated and sustainable development could not be made to happen; (c) "Resources for development" must be an important item of the agenda for UNCTAD VIII and cover financial and related monetary questions. Stress must be placed on external resources for development and on finding an equitable, durable and mutually agreed and development-based solution to the debt crisis; (d) another important item of the UNCTAD VIII agenda was international trade. Apart from analysis and policy recommendations on the traditional four themes, UNCTAD VIII would have to assess the implications of the outcome of the Uruguay Round for the development prospects of developing countries and identify ways in which the positive development impact of the outcome could be maximized. Issues such as GSP, RBPs and systemic issues on international trade would have to remain the concern of UNCTAD VIII especially with a view to giving the international trade system a more universal and dynamic character and making it more responsive to the needs of developing countries; (e) on commodity issues, the failures of the past should spur the international community to greater efforts and vigorous action. UNCTAD VIII should pledge all countries to devise measures and work for the stabilization of commodity markets and for commodity development; (f) in the area of technology, the entire gamut of issues relating to access, transfer, diffusion and adaptation of technology to and in developing countries should be addressed, including action relating to

the Code on Transfer of Technology; and (g) in the area of services, strengthening of developing country capabilities and arrangements to enhance their participation in international trade in services should be given priority.

21. The representative of Bangladesh referred to the agreements contained in the Final Act of UNCTAD VII regarding the least developed countries and commented on the outcome of the recently concluded Second United Nations Conference on the Least Developed Countries. For many reasons, there had been a deterioration in the conditions of the least developed countries in the 1980s, which had marginalized them even further. In the Programme of Action for the 1990s adopted by the Paris Conference, it was recognized that LDCs have primary responsibility for their growth and development; that success depended on shared responsibility; that increased external support was necessary; and that commitments made should be transparent. The consensus achieved at the Conference, though short of expectations, was in many ways a success. He drew the attention of all development partners to their respective obligations under the Programme of Action. He emphasized the importance of the monitoring, follow-up and review of the Programme of Action for the least developed countries and the need to strengthen UNCTAD's capacity to carry out its responsibility therein as the focal point at the global level. The challenges and opportunities, resulting from the political transformations in Europe, should be seized upon; their peace dividends could be replicated worldwide.

22. The representative of the Ukrainian Soviet Socialist Republic said that the comprehensive nature of the Final Act of UNCTAD VII made it difficult to measure the progress achieved and opportunities missed. Interdependence of States was universally recognized, but national economic policy should be taken into consideration. Confrontational obstacles to international co-operation were giving way to dialogue and compromise, which was in the interest of all members of the world community. He mentioned the economic changes taking place in the Ukrainian SSR and its wish to strengthen external economic relations. While referring to the many serious problems besetting the developing countries, he emphasized the importance of the new Programme of Action for least developed countries. He also mentioned the importance of the ecological component in development and suggested that UNCTAD, within its competence, should monitor the relationship between the economy and the environment.

EXPORT PROMOTION: REPORT OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT ON ITS TWENTY-THIRD SESSION

(Agenda item 8 (c))

23. For its consideration of this item, the Board had before it the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT at its twenty-third session (ITC/AG(XXIII)/122 and Add.1) distributed under cover of TD/B/1268.

24. The Vice-Chairman of the Joint Advisory Group introduced the report of the Group on its twenty-third session. He reviewed the main conclusions and recommendations formulated with regard to a number of subprogrammes which had received particular attention by the Group. He added that the meeting had endorsed the overall thrust of the strategy proposed by ITC for the MTP period and agreed that ITC should further refine its priorities in this respect. The importance of co-ordination at all levels as well as the need to strengthen ITC's technical capability had been particularly stressed.

25. He noted with appreciation that at the Joint Advisory Group's twenty-third session, the following countries had announced trust fund contributions to the Centre: Austria, Canada, China, Denmark, Finland, France, India, Indonesia, Ireland, Japan, Republic of Korea, Malta, Norway, Poland, Sri Lanka, Sweden, Switzerland. On behalf of the Group, the Vice-Chairman expressed his deep gratitude to these various Governments.

26. The representative of China underlined the significant role played by ITC in promoting trade in developing countries, particularly in the areas of export market development, export quality control, strengthening trade information and advisory institutions, training of trade personnel and export packaging. He noted that the volume of UNDP contributions to ITC was increasing; further efforts should, however, be made to obtain more trust fund resources. Regarding the 1992-1997 Medium-Term Plan, co-ordination should be accelerated in the light of the needs of the developing countries so that ITC's priorities could be appropriately presented to JAG at its twenty-fourth session.

27. The representative of Finland, speaking on behalf of the Nordic countries (Denmark, Finland, Norway and Sweden) recalled the Nordic countries' support to ITC's activities, which was evident as the Nordic countries' combined share of ITC's programme financing through UNDP and trust fund contributions - was one third of the total. He indicated the Nordic countries support to the recommendations of JAG at its twenty-third session. He referred in particular

to a number of new challenges ITC was addressing; in this connection, the Centre's regional strategy was particularly welcome. He stressed the importance of the role of women in trade development, human resource development, environmental aspects and the needs of LDCs, in the planning of ITC's work. The Nordic countries were confident that ITC's new orientations merited a close look also from some major donors who had not yet discovered ITC as an efficient tool in assisting developing countries integrate in international economy through increased trade. The Nordic countries were also prepared to support a decision to the effect that the regular budget of ITC be reviewed in light of the growth in both the demand for, and the delivery of, ITC's support to developing countries. Referring to the discussions regarding ITC's Medium-Term Plan, he was confident that, with a further streamlining of administrative structures, and with increased transparency in planning procedures, ITC would be in a position to meet some of the most demanding development challenges during the 1990s.

28. The representative of Bangladesh expressed appreciation of ITC's contribution to the trade development efforts of developing countries. He noted with satisfaction that ITC's programme of assistance to Least Developed Countries accounted for approximately 30 per cent of its total resources. He also noted the increasing confidence of the donors in ITC's role which was manifested through their increasing contributions to ITC. He expressed the hope that in future ITC would be able to provide more assistance to LDCs in human resource development within the framework of suitably designed projects and programmes. He appealed to all donors to make generous contributions to ITC. He concluded by expressing his delegation's agreement with the recommendations contained in the report of the twenty-third session.

29. The representative of the USSR commended ITC's work in expanding the foreign trade of developing countries. He agreed with the recommendations contained in the report. He referred particularly to the recommendations relating to the export of services and to the ecological aspects of trade. He also emphasized the trade in technologies and engineering products as a promising and important area in the work of ITC. He underlined ITC's prominent role in assisting LDCs, especially with regard to those tasks recently formulated at the Paris Conference. He further mentioned the importance of recent developments in Eastern Europe which would evidently lead to new conditions of co-operation with developing countries and indicated that the USSR was already contributing to ITC's technical co-operation programme.

30. The representative of Chile, speaking on behalf of the Latin American Group, acknowledged the important role of ITC in enhancing the export capabilities of developing countries. He expressed gratitude to all those countries which had announced contributions to ITC, and appealed to all donors to continue to contribute to the Centre so that it could continue and expand its activities in the years to come.

31. The representative of Egypt expressed his support of the recommendations contained in the report and commended ITC for its valuable work in support of developing countries and paid tribute to the efficient management of the Director-General and Deputy Director-General.

32. The President, speaking as representative of France, underlined the essential role played by the Centre in enabling developing countries to accede to development through the expansion of their trade.

33. The spokesman for the Group of 77 (Senegal) expressed his Group's support for the previous statements commending ITC's work in enhancing the trade of developing countries. He hoped that the appeal for increased contributions would be heard by all the specialized institutions working with GATT and UNCTAD, thus enabling ITC to carry out its tasks in the best interest of developing countries.

Action by the Board

34. At its 779th meeting, on 9 October 1990, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-third session and on the comments made thereon.